

SUMMARY OF INDICATIVE TERMS AND CONDITIONS TO \$250,000,000
AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT

This Summary of Indicative Terms and Conditions does not represent a commitment to lend. Any such commitment shall be documented in the final loan documentation. The terms and conditions outlined herein are not intended to be all inclusive, but rather set forth a framework from which a mutually satisfactory transaction may be structured.

Borrower:	South Carolina Fuel Company, Inc., a South Carolina corporation (the “ <u>Borrower</u> ”)
Guarantor:	South Carolina Electric & Gas Company, a South Carolina corporation (the “ <u>Guarantor</u> ”)
Co-Lead Arrangers:	Wachovia Capital Markets, LLC and Banc of America Securities LLC (“ <u>Arrangers</u> ”)
Administrative Agent:	Wachovia Bank, National Association
Lenders:	A syndicate of lenders mutually acceptable to the Borrower and the Arrangers (the “ <u>Lenders</u> ”) arranged by the Arrangers.
Facility:	A five-year revolving credit facility in an aggregate principal amount of \$250,000,000.00 (the “ <u>SCFC Facility</u> ”)
Existing Facility:	Amended and Restated Five-Year Credit Agreement dated as of June 30, 2005, among the Borrower, Wachovia, as Administrative Agent, Bank of America, N.A., as Syndication Agent, The Bank of New York and Branch Banking and Trust Co. of South Carolina, as Documentation Agents and certain other lenders party thereto (the “ <u>Existing SCFC Credit Agreement</u> ”)
Purpose:	To finance or refinance the purchase of nuclear fuel, fossil fuel and emission and other environmental allowances and as commercial paper back-up
Collateral:	Secured by a perfected first priority security interest in all nuclear fuel, fossil fuel and emission and other environmental allowance inventories of the Borrower per a series of Security Agreements
Maturity:	The SCFC Facility shall terminate and, except as provided under a term-out option, all amounts outstanding thereunder shall be due and payable five years from Closing.
Closing:	On or before December 31, 2006
Interest Rate Options:	The Borrower’s option of: <ul style="list-style-type: none"> (1) <u>Base Rate</u>: The Base Rate (as defined below). Loans bearing interest at the Base Rate shall be for a minimum amount of \$5,000,000 and \$1,000,000 increments in excess thereof.

The Base Rate means the greater of (i) the Administrative Agent's Prime Rate or (ii) the overnight federal funds rate plus 0.50%. The Prime Rate is an index or base rate and shall not necessarily be the Administrative Agent's lowest or best rate charged to its customers or other banks.

- (2) LIBOR Rate: LIBOR plus the Applicable LIBOR Rate Margin as set forth in the pricing grid attached hereto as Exhibit I. Loans bearing interest at the LIBOR Rate shall be for a minimum amount of \$5,000,000 and \$1,000,000 increments in excess thereof.

LIBOR shall mean reserve adjusted LIBOR as set forth on Telerate Page 3750 or as reasonably determined by the Administrative Agent if such information is not available. The LIBOR Rate Option is available for Interest Periods of 1, 2, 3, or 6 months. No more than 6 Interest Periods may be in effect at any time. The LIBOR Rate shall be adjusted for FDIC and regulatory reserve requirements.

**Facility, Utilization
and Other Fees:**

The Borrower shall pay a facility fee ("Facility Fee") on the total amount of the SCFC Facility regardless of usage quarterly in arrears at the rate per annum reflected on the attached Exhibit I.

The Borrower shall pay a utilization fee (the "Utilization Fee") determined in accordance with the attached Exhibit I, on all outstanding Loans under the SCFC Facility if the aggregate principal amount of outstanding Loans exceeds 50% of the aggregate amount of the SCFC Facility. The Utilization Fee is payable quarterly in arrears.

The Borrower shall pay the Administrative Agent's fees as set forth in the Fee Letter to be entered into among the Borrower, the Administrative Agent and the Arrangers.

**Conditions Precedent
to Closing:**

The Closing of the SCFC Facility will be subject to satisfaction of usual and customary conditions, substantially similar to those contained in the Existing SCFC Credit Agreement

**Conditions Precedent
to All Loans:**

Usual and customary for facilities of this type and substantially similar to those contained in the Existing SCFC Credit Agreement

**Representations and
Warranties:**

Usual and customary for facilities of this type and substantially similar to those contained in the Existing SCFC Credit Agreement

**Affirmative and
Negative Covenants:**

Usual and customary for facilities of this type and substantially similar to those contained in the Existing SCFC Credit Agreement

Financial Covenant:	With respect to the Guarantor, Debt to Total Capitalization not to exceed 70.0%. Hybrid securities will be carved out of the definition of Debt for the purposes of covenant compliance (Hybrids will be included in the definition of Total Capitalization).
Events of Default:	Usual and customary for facilities of this type and substantially similar to those contained in the Existing SCFC Credit Agreement
Expenses:	The Borrower shall pay all reasonable costs and expenses associated with the preparation, due diligence, administration, syndication and enforcement of all documentation executed in connection with the SCFC Facility, including, without limitation, the reasonable legal fees of counsel to the Administrative Agent and Arrangers, regardless of whether or not the SCFC Facility is closed. The Borrower shall also pay the expenses of each Lender (including, without limitation, the reasonable legal fees and expenses of counsel to the Administrative Agent and Arrangers) in connection with the enforcement of any loan documentation of the SCFC Facility.

Exhibit I

Issuer Rating	Applicable LIBOR Rate Margin	Facility Fee	Utilization Fee
Level 1 at least A+/A1	.175%	.050%	.050%
Level 2 less than A+/A1; at least A/A2	.200%	.060%	.050%
Level 3 less than A/A2; at least A-/A3	.250%	.070%	.050%
Level 4 less than A-/A3; at least BBB+/Baa1	.350%	.090%	.050%
Level 5 Less than BBB+/Baa1; at least BBB/Baa2	.450%	.110%	.050%
Level 6 less than BBB/Baa2; at least BBB-/Baa3	.550%	.150%	.100%
Level 7 less than BBB-/Baa3	.700%	.200%	.100%

The Applicable LIBOR Rate Margin, Facility Fee and Utilization Fee will be determined by the higher of (a) with respect to Moody's Investor Service ("Moody's"), the issuer rating assigned to the Guarantor by Moody's and (b) with respect to Standard & Poor's Rating Service ("S & P"), the rating assigned to the senior, unsecured non-credit enhanced, long-term debt of the Guarantor by S & P in accordance with the schedule set forth above ("Issuer Rating").

In the event a rating differential of more than one level exists, the Issuer Rating shall be deemed to be one level below the highest such rating. If either S & P or Moody's shall not have provided an Issuer Rating, the Issuer Rating shall be deemed to be the lowest rating assigned by S & P or Moody's.